

Minutes of the Finance Committee

Wednesday, January 18, 2012

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Jim Heinrich, Dave Falstad, Bill Zaborowski, Ted Rolfs, Pamela Meyer, and Rob Hutton. Rolfs left the meeting at 10:10 a.m.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Aging & Disability Resource Center Manager Cathy Bellovary, Nutrition & Aging Services Supervisor Mary Smith, Accounting Services Manager Cynthia Lilley, Solutions Administrator Dave Kragenbrink, Park System Manager Duane Grimm, Enterprise Operations Manager Dave Burch, Senior Landscape Architect Steve Brunner, Journal/Sentinel Reporter Laurel Walker, Budget Manager Keith Swartz, Senior Financial Analyst Bill Duckwitz, Criminal Justice Collaborating Council Coordinator Rebecca Luczaj, Risk/Purchasing Manager Laura Stauffer, Health & Human Services Director Peter Schuler, Business Services & Collections Manager Andy Thelke, and Senior Financial Analyst Linda Hein. Recorded by Windy Jicha and Mary Pedersen, County Board Office.

Approve Minutes of 12-14-11

MOTION: Hutton moved, second by Falstad to approve the minutes of December 14. Motion carried 7-0.

Schedule Next Meeting Dates

February 22 (canceled: February 8)

Fund Transfer 11-362120-01: Health & Human Services (Nutrition) – Transfer Funds from Personnel Expense (Fund 050) and Operating Expenses (Fund 150) to Operating Expenses (Fund 050)

Bellovary, Smith, and Lilley discussed this fund transfer which involves transferring \$33,500 for unexpected, midyear mileage reimbursement cost increases (\$16,800) for the Senior Dining and Home Delivered Meals programs, and increased food costs (\$12,200) due to more meals served. Funds are available due to a staff reallocation from Nutrition Fund 050 to Health & Human Services Fund 150, savings from employee pension contributions, a conference cancellation, and lower than anticipated spending for adult day care services. The 2012 budget was developed with these cost increases in mind. Haukohl clarified the budget line item designations involved in this fund transfer.

MOTION: Heinrich moved, second by Zaborowski to approve Fund Transfer 11-362120-01, Health & Human Services (Nutrition). Motion carried 7-0.

Contract Procurement Process for IT Application Development Services

Kragenbrink explained that every two to three years the county releases an RFP for IT staff augmentation to cover specific areas of expertise or anticipated increased need. The top three rated contractors in five categories (business intelligence, Oracle services, web applications, IBM WebSphere, and database services) were awarded contracts totaling up to \$110,000 – the amount budgeted for these services. Contractors will be used on an as-needed basis. Twelve contractors submitted RFPs for consideration and six were awarded contracts in one or more areas.

MOTION: Zaborowski moved, second by Falstad to approve the contract procurement process for IT application development services. Motion carried 7-0.

Contract Procurement Process for Architectural and Engineering Services for Bugline Trail Paving, Capital Project #200014, Bikeway Pavement Improvements

Grimm, Burch and Brunner were present to discuss this item. Grimm indicated the contract was awarded to Knight E/A, Inc., the highest rated contractor for a total contract cost of \$119,171.57. The budgeted amount was \$120,000. A total of 12 contractors submitted proposals for consideration.

In response to Rolf's concerns about providing a trail surface that will serve many uses, Brunner said the plan is to accommodate all trail users. Grimm said this includes snowmobilers. Hutton said he has always been opposed to this project because the current trail is wonderful for cyclists and runners and the proposed improvements would reduce trail functionality and aesthetics. Hutton said he continuously questions why the county would invest in this project at this time and accept federal funding. Grimm said the project was approved by the County Board as part of the capital projects plan. It is the committee's duty today to consider the contract procurement process and that it was followed correctly.

In response to Heinrich's questions about the vendor selection process, Grimm explained that vendor selection was quality-based and took into account vendor experience with trails and knowledge of processes related to federally funded projects. Vendor-submitted prices were not opened during debate. If the County is unable to negotiate an appropriate price with the highest ranked vendor the second ranked vendor is contacted. The Department of Transportation (DOT) and DAAR (a multi-disciplinary civil engineering firm committed to providing quality, professional service to public and private sector clients) provided oversight on the RFP process successfully reducing the County's original RFP from \$185,000 to \$119,000. Haukohl said costs are normally considered after review of the submitted proposals.

Hutton asked is outsourcing used to reduce the County's liability or because County staff lacks adequate expertise? Burch referred to DAAR and said the benefit of doing the project in-house is a \$120,000 savings. The downside is that the extensive amount of staff time needed to fulfill DOT requirements would delay projects the County has already committed to, or delay this project and risk losing grant funding. The selected vendor would have the correct software, be familiar with the process, and be able to dedicate the necessary time to the project.

MOTION: Heinrich moved, second by Meyer to approve the contract procurement process for architectural and engineering services for Bugline trail paving, Capital Project #200014, bikeway pavement improvements. Motion carried 5-2. Rolfs and Hutton voted no.

Contract Procurement Process for Drug Court Case Management Services

Haukohl advised due to cancelation of the February 8 meeting, this item was placed on today's agenda with estimated costs. The final cost has yet to be negotiated. Luczaj indicated only one contractor, Wisconsin Community Services, bid on the contract (one proposal plus an alternate) with the chosen proposal's bid exceeding the County's budgeted amount. Purchasing staff are working to get the cost within the budgeted amount of \$350,000 (grant funds). Purchasing sent

RFPs to two other agencies involved in this type of work and it was posted on the County website. Calls were made to those two agencies asking why they did not bid. One advised they were involved in bidding on a different contract and did not have time to put together a proposal. The other chose not to bid.

MOTION: Falstad moved, second by Zaborowski to approve the contract procurement process for Drug Court case management services. Motion carried 7-0.

Annual Report on the Disposal of Fixed Assets

Stauffer reviewed her report entitled "County Property Disposal/Transfer Report" for January 1, 2011 through December 31, 2011. The report included information on departments transferring property to County inventory, departments accepting property from County inventory, and property disposed/recycled/sold. Total revenues were listed at \$9,671.86 plus \$39,725.00 for the Vehicle Replacement Plan, total costs were listed at \$872.08 (EUTF), and total cost avoidance was \$150 (estimated dumpster charge avoided by recycling).

MOTION: Rolfs moved, second by Falstad to accept the annual report on the disposal of fixed assets. Motion carried 7-0.

Discuss Potential Legislative Lobbying Items as Discussed During the Budget Review Process

Haukohl asked Spaeth and Schuler to discuss issues that came up during the last budget process. Some involved funding but others involved policy. She asked if it would be feasible to lobby the State on the following issues to save time and money on the County's end.

Medicaid Reimbursement

Haukohl said Medicaid reimbursement has declined and the State is keeping more of those dollars. Schuler said it is difficult to lobby the federal government and he thinks they and the State are united on the Medicaid policy. The federal government is putting pressure on States to review reimbursements. As a result, the State is inspecting more cases through WCS, a State-hired firm in Madison. Schuler said more of his staff are reviewing denials as more and more cases are denied. Everything that is denied results in more money to the State – that is WCS's job. Haukohl asked if anything could be changed on the State level. Schuler said the State needs to be clear and timely as to what the criteria are. Also, narrowing eligibility is a problem and too much narrowing will result in the service no longer being worthwhile. Schuler believes this is the trend. He asked to revisit this issue before any lobbying efforts are made. Medical Assistance is a huge issue and is a big budget driver on the State level but it is a very important funding source for the department.

Children with Special Needs

Haukohl said the County cannot approach parents of children with special needs to use their private insurance for various services and asked why. Schuler said this rule is written in the Wisconsin Administrative Code. It has been debated for years as many counties receive inadequate funding to support the mandated Birth to Three Program. Because we are a big county, Waukesha has a larger allocation and does not have some of the funding issues as some other counties. Schuler said the County contracts with Lutheran Social Services to deliver Birth to Three. Over the years, they have raised money to supplement the cost. They have shared the risk and taken losses but over the years, they have become increasingly less willing to do this. Schuler indicated that some Birth to Three services are reimbursable by private insurance. However, parents are aware that if their insurance

policy is billed for these services they could lose their policy, pay higher co-pays, new lifetime caps can be added, and new rules and regulations may be implemented. Also, once a policy is terminated they are often unable to obtain other insurance. Given the choice of billing their insurance company, most parents choose not to. Schuler noted this has been in place for quite some time and did not think it will change anytime soon. He was unsure if there was a federal origin.

Public Health Status

Haukohl said the County's Public Health Division wishes to maintain Level II status. She asked if the status could be confirmed every other year instead of every year. Schuler said in the future, the federal government will move towards accreditation which should happen anywhere from three to eight years. Currently, the State says accreditation is voluntary but it could be mandatory in the future. Schuler says it sounds like this will initially have to be renewed each year although the federal government tends to be more reasonable than the State in terms of timeframes. Schuler said the County regularly receives two-year licenses in areas such as child welfare, Mental Health Center outpatient services, Juvenile Center, and some parts of Public Health. However, this likely occurs when we receive excellent scores. Schuler opined that the status for the Public Health Division should also be for two years and Haukohl agreed. Schuler noted the reviews take a huge amount of time involving State, County and federal workers. He said perhaps only those counties/agencies who receive poor scores should be reviewed at least yearly. Waukesha County's Public Health Division received very good scores the last two years, 86 and 97. Haukohl asked Schuler to think about ways we could lobby on this issue and perhaps Spaeth could help with those efforts.

Group Homes

Haukohl said according to the nine-month General Fund status report, beginning in 2012 counties will be mandated to use more expensive residential facilities which she explained further. Schuler was unaware of some of the specifics. He said the State wants counties to use the least intrusive level of care. We do not want to put people in higher cost and higher intensity services than what is necessary. Waukesha County has a mental health center so we are in good shape compared to many other counties. However, when prevention and early intervention services are cut or eliminated, more expensive services become necessary. Haukohl requested that Schuler be provided with a copy of the report and get back to her or Spaeth if there is anything we can lobby on.

State Legislative Update

Spaeth said she has been meeting with legislators about small claims legislation. Approved with the last State budget was legislation to increase the small claims limit from \$5,000 to 10,000. However, there was no increase in the filing fee. As a result, County Clerk of Courts revenues have decreased and more cases have shifted from State-funded judges to County-funded court commissioners. The County receives \$30.00 for every large claims case and \$10.20 for every small claims case. Therefore, we are losing \$19.80 for each large claims case that now falls under small claims. Madden provided Spaeth with revenue data. For six months, there were 388 small claims cases for \$5,001 to \$10,000. This resulted in a loss of \$7,682.40 in County revenues. Madden estimates 800 cases will fall into the \$5,001 to \$10,000 threshold in 2012 resulting in a loss of \$15,840 in County revenues. A bill has been introduced to increase the filing fee whereby the County would retain \$31.20. Also affecting Waukesha County are State proposals to cut Youth Aids an additional \$200,000 and \$22,000 in soil and water resource management grants. These two items will go before committee but nothing has been scheduled yet. Spaeth advised she will lobby on each of the above-mentioned issues. Spaeth briefly discussed the wetlands bill, brought up by Haukohl. Spaeth

advised we do not have an official County position on that bill. Haukohl said she was disappointed and that we should because it goes against the County's wetland/shoreland rules.

Rolfs left the meeting at 10:10 a.m.

3rd Quarter Report on Proprietary Funds

Thelke and Hein reviewed the County's enterprise and internal service funds as outlined in their report. Those funds that showed a net income loss at the end of the third quarter were the Wanaki Golf Course (-\$33,312); Moor Downs Golf Course (-\$75,163); Naga-Waukee Ice Arena (-\$54,180); Eble Park Ice Arena (-\$89,758); Airport (-\$125,169); Records Management (-\$30,900); Risk Management/Workers Compensation (-\$540,951); and Collections (-\$172,894).

Those funds that showed a net income at the end of the third quarter were the Naga-Waukee Golf Course (\$346,912); Materials Recycling (\$1,261,832); Vehicle/Equipment Replacement (\$153,993); Central Fleet (\$12,759); Radio Services (\$110,675); Communications (\$55,943); End User Technology (\$172,433); and Health Insurance (\$1,243,311).

Haukohl felt a 7% increase in personnel costs in the End User Technology Fund seemed too high to be considered "cost-to-continue." Thelke said temporary extra help was moved to personnel from operating (contract expenses) which they found to be more stable and cost-effective. Haukohl asked that his be footnoted in the report.

Haukohl referred to revenue decreases in the Collections Fund and questioned if this fund should continue contributing to property taxes. Thelke said he and Administration Director Cummings will monitor this fund and the potential does exist for changes. He noted the fund does have a balance of more than \$1 million which helps to keep the rate charged to departments down. The tax levy credit as noted in the report was to work down the fund balance and have it benefit the County.

MOTION: Falstad moved, second by Heinrich to accept the 3rd quarter report on proprietary funds. Motion carried 6-0.

MOTION: Hutton moved, second by Heinrich to adjourn at 10:47 a.m. Motion carried 6-0.

Respectfully submitted,

Pamela Meyer
Secretary